



GOVERNMENT OF THE DISTRICT OF COLUMBIA

Limited Equity Cooperative Task Force Meeting Minutes

February 27th, 2019
6:00 pm to 8:00 pm
DC Housing Finance Agency
815 Florida Ave NW
Washington, DC 20001

Attendance

Present: Paul Hazen, Louise Howells, Amanda Huron, Vernon Oakes, Lolita Ratchford, Ana Van Balen, Risha Williams, Elin Zurbrigg

Absent: Sandra Butler-Truesdale, Jade Hall, Janene Jackson

Council Staff Present: Joey Tramboli

Guests present: Leah Brown, Nahida Hadeesh, Adam Maloon, Steve Stenberg

Proceedings:

Initial Draft Recommendations by Financing LECs Subcommittee:

- **Recommendation 1: Encourage broad cross sector support for LECs as a viable affordable housing type in DC**
 - Broad sector support for coops in development.
 - Utilize data (outcomes such as long-term sustainability, people served, location, affordability compared with market, etc.) once the CNHED LEC study is complete.
 - Draft a “broad policy statement” for having LECs as a part of the plan for affordable housing in the District.
 - Meet with DHCD and other affordable housing groups working on LECs to review recommendations.
 - There is a need to make older and smaller buildings more accessible for more elderly people; secure funding for creating handicap accessibility in coops and buildings.

- **Recommendation 2: Provide dependable acquisition funds for the creation of new LECs under TOPA**
 - Specific requests for recommendations were provided to the Development and Finance Division at DHCD.
 - The focus of recommendations for financing LECs is the investment of public and private sectors to help First Right to Purchase Program (FRPP) move forward for projects with high long-term value (built in affordability/low income tenants/development costs cannot be supported by income and debt).
 - All potential LECs go through the FRPP except in extremely rare cases where the LEC can support a 125% private acquisition loan
 - Those that are highly affordable and cannot afford to pay interim interest have access to a Preservation Fund loan to provide gap funding for interest and pre-development

- 80% of public funding is needed for the development of coops.
- Tax property abatement to be included in the financing subcommittee recommendations.
- Proposed recommendations for different funding sources:
 - Dedicate/incentivize certain number of units for coops in market-rate buildings through inclusionary zoning.
 - Create a broader fund for homeownership programs and coops (gap or housing production fund); Extract fees that are collected by the city into a fund for broader funding for coops; Waive fees in exchange for density bonus towards LEC units.
 - Further research on possible options for bond financing to assist gap funding for LECs.
- **Recommendation 3: Establish adequate annual funding amounts needed to fund creation of LECs**
 - Identify the amount of funds needed annually to support LEC and TOPA acquisitions.
 - Establish adequate funding for coop projects that are in situations to move forward with exercising their rights in the TOPA timeline.
- **Recommendation 4: Make Co-ops more competitive in the DHCD NOFA—level the playing field**
 - Because of the hard competition in scoring for coops with new construction in market-rate rent, coops should be scored differently in the NOFA.
 - Propose scoring changes to award more points to home-ownership TOPA projects -- either increase points or eliminate points that aren't possible for LECs to earn.
 - Make the Local Rent Supplement Program (LRSP) available for non-Permanent Supportive Housing (PSH) units.
 - Create more flexibility in the funding percentages set in the Housing Preservation Trust Fund (HPTF).
- **Recommendation 5: Develop other viable sources for financing new co-ops beyond DHCD (See below notes)**
 - Make LRSP available on a rolling basis for LECs to increase income and ability to support debt.
 - Utilize land trusts as an option to fund LEC creation (through sale of land).
 - Utilize inclusionary zoning in funding for LEC creation.
 - Create a “joint ownership entity” to strengthen financing.
- **Recommendation 6: Finance LEC Sustainability**
 - Follow up with further details on the Common Interest Community bill at next LEC task force meeting.
 - It has not been implemented yet but includes training requirements.
 - Follow up on Section 8 units in buildings.
 - More research is need on the LEC tax fairness act of 2006.

Initial Draft Recommendations by Asset Management:

- **Governance (Sociocracy)**
 - *Topic is still under discussion before recommendations are drafted.

- The key to great management is great governance; effective accountability.
- Sociocracy is a method of decision-making and governance where people at all organizational levels make policy decisions that govern their own work.
- **Management**
 - Three property management models:
 - “Pure” self-management - collect carrying charges, pay bills, contract maintenance
 - Self-management - on-site staff employed by the coop
 - Management agency - sometimes with or without site staff
 - Active and engaged boards/members are positive signs of coop success regardless of size.
- **Training**
 - The CNHED asset management workgroup suggested creating a directory for coops that centralizes a list of available resources to free training and other opportunities.
- **Other recommendations**
 - Create incentives for coops to follow best practices in asset management.
 - Can DC provide tax abatement in exchange for annual assessments and “good standing”?
 - What is the best tool to evaluate asset management?
 - Expand the small buildings funding program to a higher budget and include training/asset management requirements for coops.
 - Annual training for board and membership and/or asset management.
 - Include a pool of practitioners who can provide training and asset management.
 - Dedicate a DHCD staff person to become the coop expert.
 - Collect and synthesize data through administration of a central asset management database of coops.
 - Explore a monitoring mechanism to step in before situations get out of hand.

Progress Report by Stakeholder Subcommittee:

- **Purpose**
 - To seek ways for LEC members to provide direct input to the objectives of the LEC Task Force.
- **Proposal**
 - Interview members of LECs to capture their experiences and perspectives living in LECs.
 - Four cooperatives participated in the interviews:
 - Beecher (Ward 3)
 - Ella Jo Baker (Ward 1)
 - Garden View (Ward 1)
 - T Street (Ward 1)
- **Progress**
 - Interviews were taped on February 9th at DCTV Studios
 - The participating coops were:
 - Beecher
 - Ella Jo Baker
 - We Still Have A Dream (*T Street and Garden View did not participate.)

- The video of all the interviews is in post-production and expected to be ready by the month of April.
- **Preliminary findings**
 - Coop principles need to be established in trainings so that members will have a stronger understanding of the difference between renting and homeownership.

Agenda for next meeting

- Prioritization of recommendations
 - Discussion about how to prioritize them at next meeting.
 - How specific should recommendations be regarding funding
- Next month's meeting on March 20th.

Adjourned

Meeting was adjourned at 8:05pm by Chair, Paul Hazen. The next meeting will be held at 6PM on March 20th, 2019 in the DC Housing Finance Agency.